

MINUTES

Interim Joint Committee on Appropriations



Senator Deb Peters, Lead Co-Chair
Representative Justin Cronin, Co-Chair

**Third Meeting, 2016 Interim
Friday, June 24, 2016**

**LCR 1 – State Capitol
Pierre, SD**

The third meeting of the Interim Joint Committee on Appropriations (JCA) for 2016 was called to order by Lead Co-Chair Deb Peters, at 9:00 a.m. with Committee members participating via telephone, and staff and the public located in Legislative Conference Room 1 of the State Capitol, Pierre, SD.

A quorum was determined with the following members answering the roll call: Senator Deb Peters, Lead Co-Chair (via telephone); Senators Phyllis Heineman (via telephone), David Omdahl (via telephone), Scott Parsley (via telephone), Larry Tidemann (via telephone), Bill Van Gerpen (via telephone), and Jim White (via telephone); Representatives David Anderson (via telephone), Dan Dryden (via telephone), Jean Hunhoff (via telephone), Alex Jensen (via telephone), Jeffrey Partridge (via telephone), and Fred Romkema (via telephone). Excused: Senators Angie Buhl-O'Donnell and Teri Haverly; Representatives Shawn Bordeaux, Justin Cronin, and Ray Ring.

Staff members present included Annie Mehlhaff, Chief Fiscal Analyst; Denice Houlette, Senior Fiscal Analyst; Jason Simmons, Senior Fiscal Analyst; Stephanie Gruba, Fiscal Analyst; Jeff Mehlhaff, Fiscal Analyst; and Kris Schneider, Senior Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC web site at <http://sdlegislature.gov>.

Letter of Intent (LOI)

The committee received a copy of the draft LOI regarding tuition benefits for National Guard members attending technical institutes in South Dakota ([Document #1](#)).

Senator Deb Peters asked if all interested parties have been contacted regarding this LOI.

Ms. Stephanie Gruba, Fiscal Analyst, responded that the interested parties have been contacted, President Mike Cartney of Lake Area Technical Institute provided the following statement on behalf of all the technical institutes: *"SD's technical institutes are proud of our National Guard students and their commitment to defending our nation. We believe the committee should be aware that we estimate less than 10% of the members of the South Dakota National Guard attending our institutions receive federal tuition benefits. Guard members are not eligible for federal tuition assistance for a minimum of one year after the member completes their Advanced Individual Training, and then the benefits only cover 16 credits per federal fiscal year. We cannot compel a member to apply for federal tuition benefits. Therefore, we estimate that this will result in an unfunded increase equal to 67% of the current funding. We support this initiative and through a combination of state and local funding are pleased to be able to offer this reduced tuition rate for our National Guard students."*

Senator Jim White asked for an explanation about the technical institutes' statement and if this will result in an unfunded expense.

Ms. Gruba said the Fiscal Year 2017 budget only accounted for technical institutes to provide a fifty percent reduced tuition rate.

Senator Peters questioned the federal funding reference in the statement from the technical institutes.

Ms. Tammy Darnall, Chief Financial Officer, Department of Education, explained that changes in HB1203 apply federal funds to tuition first, which may save state funds. Mr. Cartney's statement was addressing this change.

A MOTION WAS MADE BY SENATOR TIDEMANN, SECONDED BY REPRESENTATIVE DRYDEN, TO APPROVE THE LETTER OF INTENT REGARDING NATIONAL GUARD MEMBERS ATTENDING SOUTH DAKOTA TECHNICAL INSTITUTES. The motion prevailed on a roll call vote with 13 members voting AYE and 5 EXCUSED. Those voting AYE: Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Hunhoff, Jensen, Partridge, Romkema, and Peters. Those EXCUSED: Buhl-O'Donnell, Haverly, Bordeaux, Ring, and Cronin.

Bureau of Information and Telecommunications (BIT) Lean Study

Ms. Annie Mehlhaff, Chief Fiscal Analyst, shared information obtained from NCSL regarding action taken in other states when state IT agencies were unresponsive to their legislative bodies.

Mr. Jeff Mehlhaff, Fiscal Analyst, explained the three prong approach the State of Vermont utilized to review their IT agency. Vermont's legislation included forming a special committee, an annual IT program report, and the ability to hire consultants to do an independent review of IT projects and operations.

Representative Jeffrey Partridge said he had conversations with other legislators regarding the ballooning of the BIT budget, and legislators are wondering if BIT is doing the right things with the right resources at the right time. The JCA has given BIT the opportunity to cooperate but they have chosen not to do so.

Senator Larry Tidemann said he has talked to the Lean manager at Dakotronics and they are doing a Lean review on their IT division this year. The SDSU library has had a number of performance increases since implementing their Lean results. Both Dakotronics and SDSU are willing to meet with BIT to discuss these efforts.

Senator Phyllis Heineman said she likes Vermont's idea of hiring an independent consultant. Senator Heineman would also like to have BIT identify specific processes that would benefit from a Lean review and to provide this information to the JCA at its July meeting.

Representative David Anderson said BIT needs to open their doors to allow someone to take a look.

Senator Peters said she would like to do a Lean audit and then consider a zero-based budget for BIT.

Representative Dan Dryden asked if legislation would be required to take such action.

Senator Peters said the first step is to have a conversation with the Governor.

Senator Heineman asked if a Lean consultant could be hired to determine what needs to be done rather than the JCA making that decision, possibly using money from the legislative priorities fund to pay for the consultant.

Senator Peters said the Executive Board needs to be a part of that decision. Senator Heineman suggested drafting a letter to the Executive Board making that request.

Senator Peters said she will request this topic to be put on the next Executive Board agenda and members of both JCA and the Executive Board should take the lead in explaining this issue.

Senator Peters assigned JCA members on the Executive Board to discuss this issue with other members of the Executive Board to bring them up to date, Representative Partridge to draft a letter to BIT, and Senator Tidemann to set up meetings in Brookings with BIT and Lean experts. Senator Peters also asked Ms. Mehlhaff to update LRC Director Jason Hancock on the JCA's plan.

Representative Jean Hunhoff asked that updates on these tasks be given at the July JCA meeting.

Future Meeting Dates

The next Interim Joint Committee on Appropriations meeting will be Friday, July 22, 2016.

Adjourn

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE DRYDEN, TO ADJOURN. The motion prevailed unanimously on a voice vote.

The Committee adjourned at 9:50 a.m.